

UPDATE: Dell To Alter Product Configurations As Memory Costs Remain High

472 words

21 May 2010

00:55

[Dow Jones Business News](#)

DJON

English

(c) 2010 Dow Jones & Company, Inc.

(Adds company comments, earnings details on Asia and component cost outlook)

By Kenan Machado and Romit Guha

OF DOW JONES NEWSWIRES

MUMBAI -(Dow Jones)- Personal computer maker **Dell Inc. (DELL)** Friday said it expects memory chip prices to remain high for several months and it will reconfigure its product line-up to maintain competitive prices and profits.

Dell's large consumption of dynamic random access memory chips and its direct negotiations with chip suppliers give the company a good idea of how prices are shaping up.

"Memory costs are going to continue to stay high for several more months and we will continue to manage that carefully," Steve Felice, **Dell's** president of consumer, small and medium business, said in an earnings conference call.

Dell will try to buy memory much in advance and alter configurations of its products to maintain competitive pricing with an "appropriate" level of profitability, Felice said.

The company's fiscal first-quarter profit improved 52% as shipments jumped and revenue grew in each product segment, even though its gross margin slid to 16.9% from 17.6%.

Margins were affected by component shortages, which led to more expensive parts, as well as a larger mix of less profitable products, Chief Financial Officer Brian Gladden had said earlier.

The company saw strong revenue growth in the Brazil, Russia, India and China, or BRIC, countries in the fiscal first quarter. However, growth in Japan continued to be flat due to economic conditions there, Felice said.

"Strategically, we have also been focused on emerging countries, our performance in the BRIC countries was outstanding, with revenue increasing 60%, led by India at 90% and Brazil at 81%, in China at 44%," Felice said.

"Korea grew 59%, Thailand 72% and Singapore 31%, with Malaysia growing 36%, these are all great, great numbers," he added.

Growth in the consumer side of the business in Japan continued to be weak due to ongoing economic concerns, though **Dell** was seeing a revival in the commercial side of its business in the country, Felice said.

Dell's global revenue for desktop personal computers increased 13%, while the mobility segment, mainly notebook computers, but also other mobile devices, jumped 18%.

By customer segment, **Dell** reported an increase for all four segments--large enterprise, public, small and medium business and consumer--led by a 25% increase in the large enterprise segment and a 22% jump in the public segment.

Dell, which launched a smart phone in China in the first quarter of this year, will continue to launch more such phones, Felice said, adding that an India launch is slated for later this year.

-By Kenan Machado and Romit Guha, Dow Jones Newswires; +91 22 6145 6107; kenan.machado@dowjones.com [05-21-10 0155E